

8.7 OCTOBER 2020 FINANCIAL PERFORMANCE REPORT

File No: Financial Reports
Author: Acting Chief Financial Officer
 Business Performance Group
Attachments: Att 1 - October 2020 Financial Performance Report (*Under Separate Cover*)

PURPOSE

To meet Council's legislative obligations, a monthly report is to be presented to Council on its financial performance and investments.

EXECUTIVE SUMMARY

This monthly financial performance report provides Council with a summary of performance against budget as at 31 July 2020 in terms of the operating result and delivery of the capital program.

Operating Performance

Table 1: Operating Budget as at 31 October 2020

	Original Budget \$000	Current Budget \$000
Total Operating Revenue	465,069	464,397
Total Operating Expenses	460,733	461,868
Operating Result	4,336	2,711

Details of the monthly financial report are contained in Attachment 1.

OFFICER RECOMMENDATION

That Council receive and note the report titled "October 2020 Financial Performance Report".

FINANCE AND RESOURCING

This report sets out the details of Council's financial performance and investments for the month ending 31 October 2020 and meets Council's legislative reporting requirements.

CORPORATE PLAN

Corporate Plan Goal: *An outstanding organisation*
Outcome: 5.7 - A financially sustainable organisation
Operational Activity: 5.7.1 - Develop and monitor Council's budget, including legislated requirements.

CONSULTATION

Portfolio Councillor Consultation

Consultation has been undertaken with the Portfolio Councillors E Hungerford and J Natoli.

Internal Consultation

This report has been written in conjunction with advice from:

- Acting Group Executive Business Performance
- Acting Chief Financial Officer

External Consultation

No external consultation is required for this report.

Community Engagement

No community engagement is required for this report.

Legal

This report ensures that Council complies with its legislative obligations with respect to financial reporting in accordance with Section 204 of the *Local Government Regulation 2012*.

Investment of funds is in accordance with the provisions of the *Statutory Bodies Financial Arrangements Act 1982* and the associated Regulations and the *Local Government Act 2009*.

Policy

Sunshine Coast Council's 2020/21 Investment Policy and
Sunshine Coast Council's 2020/21 Debt Policy.

Risk

Failure to achieve the budgeted operating result will negatively impact Council's capacity to complete its capital expenditure program.

Previous Council Resolution**Special Meeting Budget 25 June 2020 (SM20/16)**

That Council adopt Appendix A as tabled, pursuant to sections 169 and 170 of the Local Government Regulation 2012, Council's budget for 2020/21 financial year incorporating:

- i. the statement of income and expenditure*
- ii. the statement of financial position*
- iii. the statements of changes in equity*
- iv. the statement of cash flow*
- v. the relevant measures of financial sustainability*
- vi. the long term financial forecast*
- vii. the Debt Policy (adopted by Council resolution on 11 June 2020)*
- viii. the Revenue Policy (adopted by Council resolution on 11 June 2020)*
- ix. the total value of the change, expressed as a percentage, in the rates and utility charges levied for the financial year compared with the rates and utility charges levied in the previous budget*
- x. the Revenue Statement*
- xi. Council's 2020/21 Capital Works Program, endorse the indicative four-year program for the period 2022 to 2025, and note the five-year program for the period 2026 to 2030*

- xii. the rates and charges to be levied for the 2020/21 financial year and other matters as detailed below in clauses 3 to 12 and*
- xiii. endorse the full time equivalent establishment as per the Sunshine Coast Council Establishment 2020/2021 report.*

Related Documentation

2020/21 Adopted Budget

Critical Dates

There are no critical dates for this report.

Implementation

There are no implementation details to include in this report.

Financial Performance Report

October 2020



Our region.
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Statement of Income and Expenses October 2020



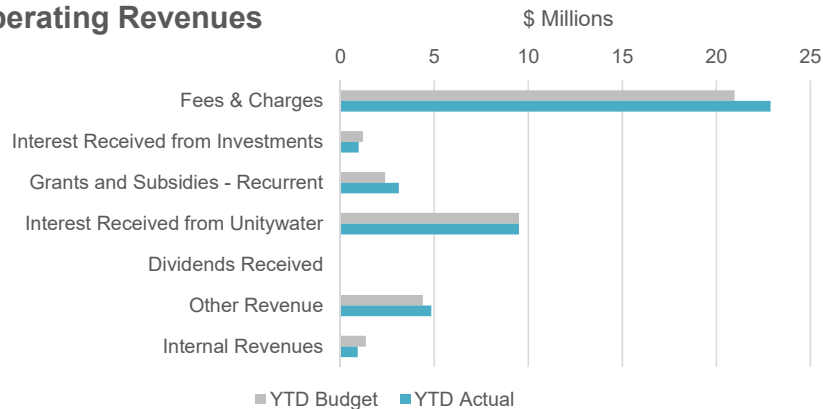
- Council has a positive operating result of \$53.7 million, which is \$4.2 million above the current budget as at 30 October 2020.



Statement of Income & Expenses 31 October 2020							
	Annual		YTD				Annual
	Original Budget \$000	Current Budget \$000	Current Budget \$000	Actuals \$000	Variance \$000	Variance %	Forecast Budget \$000
Operating Revenue							
Net Rates and Utility Charges	316,806	316,806	156,021	155,831	(190)	(0.1%)	316,806
Fees and Charges	57,125	56,309	20,967	22,875	1,907	9.1%	56,309
Interest Received from Investments	3,611	3,611	1,204	980	(223)	(18.6%)	3,611
Operating Grants and Subsidies	12,224	12,532	2,375	3,119	744	31.3%	12,532
Operating Contributions	287	287	152	153	1	0.5%	287
Unitywater Participation	49,838	49,838	9,508	9,508	0	0.0%	49,838
Other Revenue	21,040	20,877	4,391	4,841	451	10.3%	20,877
Internal Sales/Recoveries	4,138	4,138	1,359	927	(432)	(31.8%)	4,138
Total Operating Revenue	465,069	464,398	195,977	198,234	2,258	1.2%	464,397
Operating Expenses							
Employee Costs	147,973	148,358	48,798	49,067	270	0.6%	148,357
Materials and Services	184,678	184,996	54,437	51,960	(2,477)	(4.5%)	185,045
Finance Costs	12,080	12,080	4,047	4,137	89	2.2%	12,080
Company Contributions	1,554	1,554	1,554	1,562	8	0.5%	1,554
Depreciation Expense	88,276	88,276	29,545	29,545	-	-	88,276
Other Expenses	22,255	22,505	6,671	6,733	62	0.9%	22,504
Recurrent Capital Expenses	3,917	3,917	1,450	1,470	20	1.4%	3,917
Total Operating Expenses	460,733	461,686	146,502	144,474	(2,028)	(1.4%)	461,734
Operating Result	4,336	2,712	49,475	53,761	4,286	8.7%	2,663
Capital Revenue							
Capital Grants and Subsidies	10,060	42,042	-	10,879	10,879	-	42,042
Capital Contributions - Cash	31,599	31,599	11,311	11,803	491	4.3%	31,599
Capital Contributions - Fixed Assets	60,000	60,000	-	-	-	-	60,000
Total Capital Revenue	101,659	133,641	11,311	22,681	11,370	100.5%	133,641
Non-recurrent Expenses							
Profit/Loss on disposal, revaluation & impairment	-	-	-	180	180	-	-
Movements in landfill and quarry provisions	5,583	5,583	1,861	1,861	-	-	5,583
Assets Transferred to Third Parties	-	-	-	-	-	-	-
Total Non-recurrent Expenses	5,583	5,583	1,861	2,041	180	9.7%	5,583
Net Result	100,412	130,770	58,925	74,401	15,476	26.3%	130,722

Operating Result – 31 October 2020

Operating Revenues



Substantial Revenue Variances for the Period Ending 31 Oct 2020

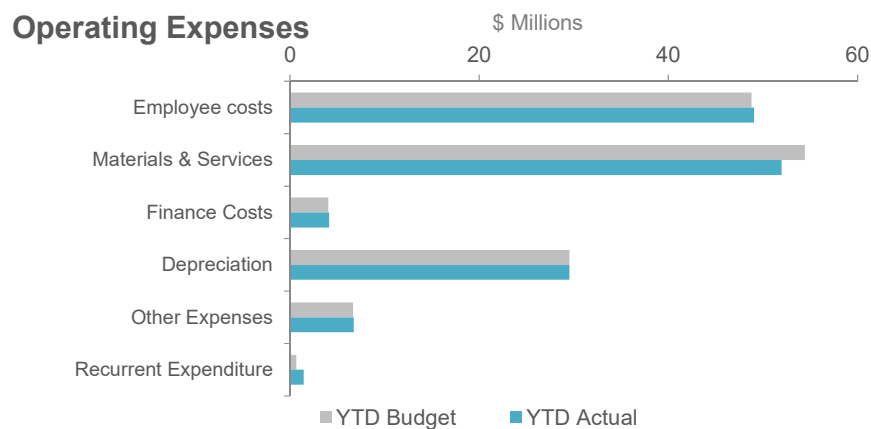
\$'000	Annual		YTD			
	Original Budget	Current Budget	Current Budget	Actuals	Variance	Variance
Operating Revenue						
Fees and Charges	57,125	56,309	20,967	22,875	1,907	9.1%
Interest Received from Investments	3,611	3,611	1,204	980	(223)	(18.6%)
Operating Grants and Subsidies	12,224	12,532	2,375	3,119	744	31.3%
Other Revenue	21,040	20,877	4,391	4,841	451	10.3%

Operating Summary - October 2020

	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	465,069	464,398	195,977	198,234	2,258	1.2%
Operating Expenses	456,816	457,769	145,052	143,004	(2,048)	(1.4%)
Recurrent Capital Expenses	3,917	3,917	1,450	1,470	20	1.4%
Operating Result	4,336	2,712	49,475	53,761	4,286	8.7%
Capital Revenue	101,659	133,641	11,311	22,681	11,370	100.5%
Non-recurrent Expenses	5,583	5,583	1,861	2,041	180	9.7%
Net Result	100,412	130,770	58,925	74,401	15,476	26.3%

- As at October 2020 \$198 million operating revenue had been achieved which is \$2.2 million more than current budget for the same period.
- This is largely due to:
 - Fees and Charges** – Ticket sales are above budget by \$192,000 and similarly food and beverage sales by \$186,000 which is largely due to the Stadium hosting the Melbourne Storm Home games. Fees relating to Council's Caravan Parks are currently \$1.5 million above budget while fees relating to parking infringements are below budget by \$832,000.
 - Interest Received from Investments** - The reduced RBA cash rate has had an impact on Council's investment revenue.
 - Operating Grants and Subsidies** – The receipt of the State Government Grants for the Coastal Hazard Adaptation Strategy \$270,000 and the Blue Carbon Trial \$210,000 were the main contributors to the positive variance.
 - Other Revenue** – The positive variance in Other revenue is predominately due to the recoupment of legal fees \$108,000.

Operating Result – 31 October 2020 (continued)



Substantial Expenditure Variances for the Period Ending 31 Oct 2020

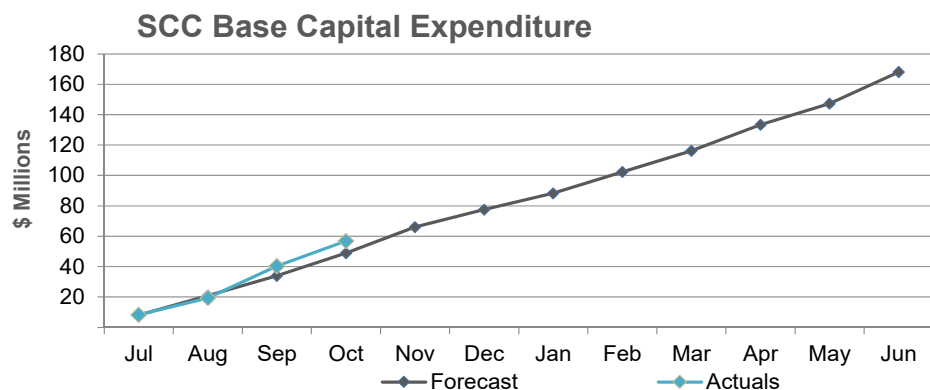
\$'000	Annual		YTD			
	Original Budget	Current Budget	Current Budget	Actuals	Variance	Variance
Operating Expenses						
Materials and Services	184,678	184,996	54,437	51,960	(2,477)	(4.5%)
Finance Costs	12,080	12,080	4,047	4,137	89	2.2%

Operating Summary - October 2020

	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	465,069	464,398	195,977	198,234	2,258	1.2%
Operating Expenses	456,816	457,769	145,052	143,004	(2,048)	(1.4%)
Recurrent Capital Expenses	3,917	3,917	1,450	1,470	20	1.4%
Operating Result	4,336	2,712	49,475	53,761	4,286	8.7%
Capital Revenue	101,659	133,641	11,311	22,681	11,370	100.5%
Non-recurrent Expenses	5,583	5,583	1,861	2,041	180	9.7%
Net Result	100,412	130,770	58,925	74,401	15,476	26.3%

- As at October 2020, \$143 million of the \$145 million budget year to date had been expended which resulted in an underspend of \$2 million or 1.4%
- Materials and Services: sealed road maintenance is currently under budget by \$112,000 which is due to the timing of contracted works. The Reduction in sales for the quarries has resulted in reduced product material on site.
- Library Services – cultural events program is delayed due to Covid-19 Restrictions.

Capital Expenditure - October 2020



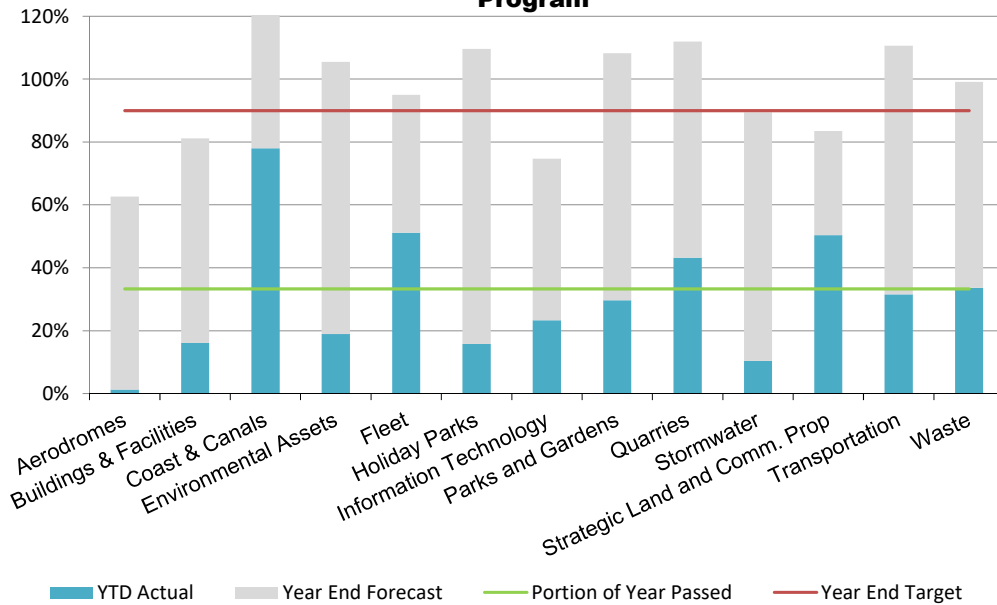
- As at October 2020 \$96 million of Council's \$272 million Capital Works Program was financially expended.
- The Core Capital Program has progressed 28.9% of budget, an actual spend of \$57 million.
- Corporate Major Projects progressed 61.7% and The Sunshine Coast Airport Runway Project progressed 54.6% of their respective annual budgets.



Capital Expenditure - October 2020						
	Annual		YTD		Year End	
	Original Budget \$000s	Current Budget \$000s	Actuals \$000s	% of FY Budget Spent	Forecast Year End Actual	Forecast Year End Variance to Budget
Aerodromes	350	350	4	1.2%	219	(131)
Buildings and Facilities	45,717	37,385	6,013	16.1%	32,217	(5,168)
Coast and Canals	2,830	2,728	2,126	77.9%	3,058	330
Minor Works	4,620	5,425	45	0.8%	737	(4,688)
Environmental Assets	1,375	2,695	539	20.0%	2,805	110
Fleet	2,000	2,000	1,023	51.1%	2,000	-
Holiday Parks	1,255	1,212	191	15.8%	1,203	(9)
Information Technology	6,275	7,216	1,681	23.3%	6,853	(363)
Parks and Gardens	15,141	18,886	5,675	30.0%	18,218	(668)
Quarries	480	480	207	43.2%	377	(103)
Stormwater	6,772	6,712	697	10.4%	4,392	(2,320)
Strategic Land and Commercial Properties	9,949	16,326	8,225	50.4%	16,187	(139)
Transportation	65,588	81,813	25,931	31.7%	71,508	(10,305)
Waste	14,723	13,683	4,596	33.6%	13,038	(645)
Total SCC Core Capital Program	177,075	196,911	56,953	28.9%	172,813	(24,098)
Corporate Major Projects	16,733	16,898	10,424	61.7%	15,848	(1,050)
Maroochydore City Centre	11,879	14,156	4,376	30.9%	6,500	(7,656)
Submarine Cable IBN	-	-	16	-	-	-
Sunshine Coast Airport Runway	36,718	44,338	24,214	54.6%	36,095	(8,243)
Total Other Capital Program	65,330	75,392	39,030	51.8%	58,443	(16,949)
TOTAL	242,405	272,303	95,984	35.2%	231,255	(41,048)
The above program of works includes recurrent and non-recurrent expenditure, as reporting in the operating statement						
Recurrent Expenses	-	-	1,470	-	-	-
Non-Recurrent Expenses	-	-	2,041	-	-	-

Capital Expenditure - October 2020 (continued)

SCC Core % YTD spent compared to profiled budget by Program



Aerodromes

- Delivery of the runway lighting replacement project for Caloundra Aerodrome is scheduled for construction in the second half of the 2020/21 Financial year.

Buildings and Facilities

- The Sunshine Coast City Hall commenced construction in late August 2020 with the majority of this years construction program scheduled to be expended in early 2021.

Environmental Assets

- Design of the \$1.3million trails hub at Sugar Bag Road has progressed with construction scheduled to begin in early 2021.

Holiday Parks

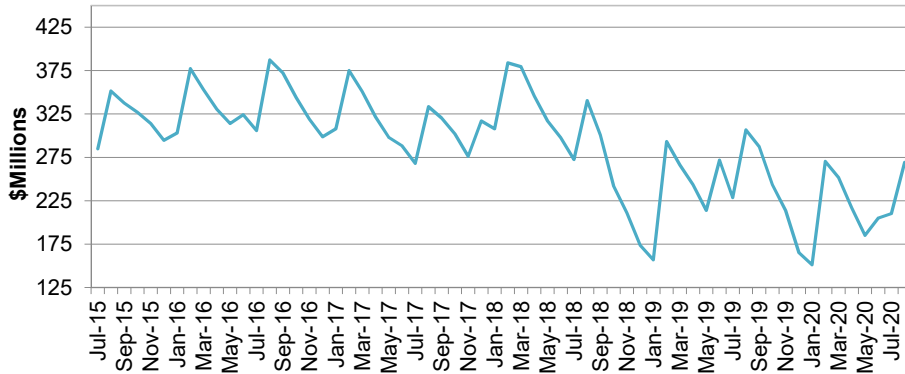
- Replacement of the Laundry Equipment at Council's holiday's park has been procured with installation to occur in November 2020.

Stormwater

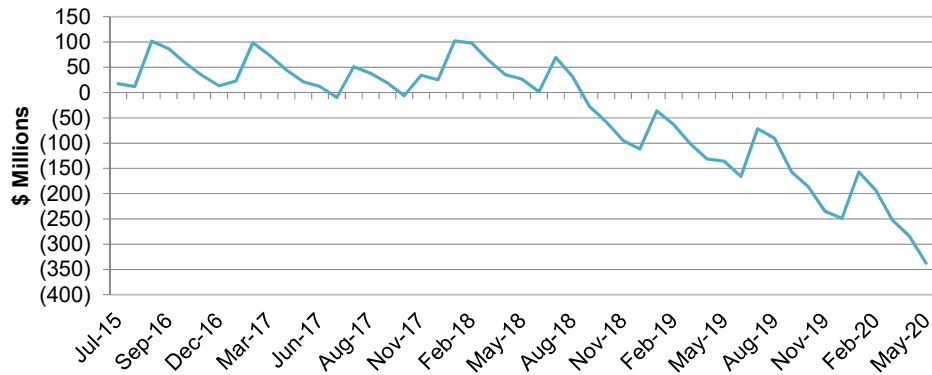
- The Procurement of the civil contractor for the \$1.2m project for the relining of damaged stormwater pipes has been finalised with the program of works scheduled to begin in November.

Cash Flows and Balance Sheet

Cash Balance



Net Cash

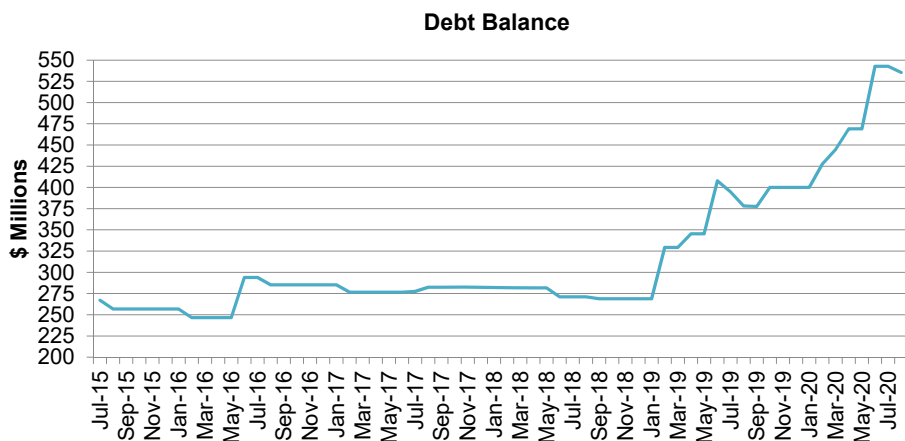


Cash and Balance Sheet - October 2020

	Original Budget \$000s	Current Budget \$000s
CASH FLOWS		
Opening Cash	229,139	197,632
Net Cash Inflow/(Outflows) from:		
Operating Activities	48,942	42,253
Investing Activities	(149,603)	(145,196)
Financing Activities	90,433	98,104
Net Increase/(decrease) in Cash Held	(10,229)	(4,839)
Cash at year end	218,910	192,793
BALANCE SHEET		
Current Assets	272,962	246,571
Non Current Assets	6,173,956	6,174,143
Total Assets	6,446,918	6,420,714
Current Liabilities	408,307	397,781
Non Current Liabilities	410,419	422,676
Total Liabilities	818,726	820,457
Net Community Assets/Total Community Equity	5,628,192	5,600,257

- Council's cash at 31 October 2020 is \$209 million
- Council's debt at 31 October 2020 is \$548 million

Debt



Sunshine Coast Council's debt program is governed by the 2020/21 Debt Policy, which was adopted with the Original Budget adoption on 25 June 2020. The Debt policy was revised during Budget Review 1 and adopted by Council at the September Ordinary meeting. New borrowings are undertaken in accordance with the Queensland Treasury Corporation Guidelines, the Statutory Bodies Financial Arrangements Act 1982 and Section 192 of the Local Government Regulation 2012.

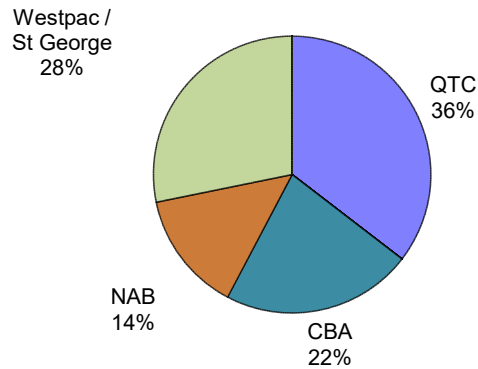
The below table contains Sunshine Coast Council's adopted debt balance for 2020/21

Debt - 2020/21

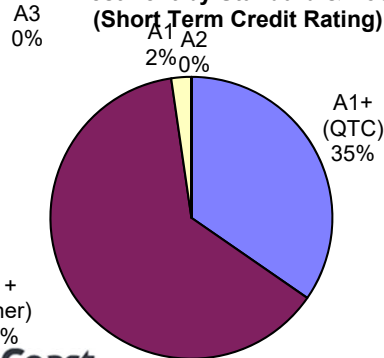
	Opening Balance	Debt Redemptions	New Borrowings	Closing Balance
	\$000	\$000	\$000	\$000
Sunshine Coast Council Core	190,864	12,292	58,975	237,547
Sunshine Coast Airport Expansion Project	211,492	-	57,430	268,922
Maroochydore City Centre	132,530	8,847	7,500	131,183
Sunshine Coast International Broadband Network	11,236	908	-	10,328

Investment Performance

Investment per financial institution (%)



Investment by Standard & Poor's (Short Term Credit Rating)



Investment Performance - October 2020

Liquidity as at:		31/10/2020		Term deposits maturing:		
		\$'000			\$'000	Count
At-call accounts				within 30 days	30,000	3
QTC + CBA (excl. trust)	114,052	52.37%		30-59 days	40,000	4
Maturities within 7 days	-	0.00%		60-89 days	20,000	2
Total at-call	114,052	52.37%		90-179 days	5,000	1
Investment Policy Target		10.00%		180-364 days	-	-
				1 year - 3 years	-	-
				Total	95,000	10

INVESTMENT SUMMARY (including Trust) as at:							Investment Policy	
\$'000	31/10/2020		31/07/2020		31/10/2019		Individual Limit	Group Limits
A1+ (QTC)	75,421	35%	124,638	67.0%	101,176	41.6%	100.0%	100%
A1+ (Other)	137,361	63%	31,374	16.9%	102,133	42.0%	40.0%	100%
A1	5,000	2%	10,000	5.4%	-	0.0%	30.0%	50%
A2	-	0%	20,000	10.8%	40,000	16.4%	30.0%	45%
A3	-	0%	-	0.0%	-	0.0%	5.0%	10%
Total Funds	217,782		186,013		243,310			
FUND SUMMARY								
General Funds	209,052		178,708		235,250			
Trust Funds	8,731		7,305		8,060			
Total Funds	217,782		186,013		243,310			

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 October 2020 Council had \$209 million cash (excluding Trust Fund) with an average interest rate of 0.78%, being 0.67% above benchmark. This is compared to the same period last year with \$235 million cash (excluding Trust Fund) with an average interest rate of 2.08%, being 1.12% above benchmark.
- The benchmark used to measure performance of cash funds is Bloomberg AusBond Bank Bill index (BAUBIL).



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